

METHOD AND SYSTEM FOR FORECASTING A POTENTIAL COST OF AN INDIRECT PROCUREMENT COMMODITY

ABSTRACT

A method and system for forecasting a potential cost for an indirect procurement commodity is disclosed. Based on the forecasted potential cost, the indirect procurement commodity can be block purchased for a predetermined duration and period of time. Consequently, a substantial reduction in the costs associated with the purchase of indirect procurement commodities can be achieved. An aspect of the present invention is a method for forecasting a potential cost for an indirect procurement commodity. The method includes receiving a volume of the indirect procurement commodity to be block purchased for a future period, calculating a cost of the volume of the indirect procurement commodity based on historical consumption data for a past period and forecasting a potential cost of the indirect procurement commodity to be purchased for a future period based on the calculated cost and at least one variable factor associated with the indirect procurement commodity.